

## Message Text

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15

ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 NEA-10 IO-14 L-03 H-03 PA-04

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CEA-02 DRC-01 /180 W

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P 010900Z MAR 74

FM AMEMBASSY MANILA

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USADB

TREASURY FOR FINKEL

E.O. 11652: ADS, DECLAS 6/30/74

TAGS: EAID, EFIN

SUBJECT: STATEMENT OUTLINE FOR PASSMAN HEARINGS

REF: MEIGHER/BEACH TELECON

1. INTRODUCTION STATING THE ADMINISTRATION'S REQUEST FOR (A) AN FY 1975 \$50 MILLION APPROPRIATION FOR THE SPECIAL FUNDS OF THE ASIAN DEVELOPMENT BANK AND (B) AN FY 1975 \$121 MILLION APPROPRIATION AS THE FIRST OF THREE EQUAL ANNUAL INSTALLMENTS FOR THE U.S. CONTRIBUTION TO THE BANK'S ORDINARY CAPITAL INCREASE.

2. DESCRIPTION BENEFICIAL IMPACT OF INITIAL \$50 MILLION APPROPRIATION HAS HAD ON WILLINGNESS OF OTHER DONOR COUNTRIES TO CONTRIBUTE TO THE BANK'S SPECIAL FUNDS RESOURCES AND HENCE ON THE BANK'S NEAR TERM

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AS WELL AS INTERMEDIATE FINANCIAL POSITION REGARDING

SPECIAL FUNDS RESOURCES. IN THIS RESPECT REFER TO LAST YEAR'S STATEMENT IN WHICH POSSIBILITY OF ASIAN DEVELOPMENT FUNDS ARRANGEMENTS AND CONTRIBUTIONS WERE RAISED WITH DESCRIPTION OF RESULTS OF THAT EXERCISE LEADING TO CURRENT SITUATION IN WHICH U.S. CONTRIBUTION OF INITIAL \$50 MILLION WILL TRIGGER ADDITIONAL FUNDS FROM OTHER DONORS TO HELP PROVIDE RESOURCES FOR CALANDER YEAR 1974. EMPHASIS ON NECESSITY FOR EARLY ACTION RE SECOND \$50 MILLION IN LIGHT OF (A) BANK'S LATE 1974 AND EARLY 1975 PROJECTEDSPENDING OPERATIONS WHICH ASSUME EVEN MORE IMPOR- TANCE AS RESULT OF ENERGY GRISIS AND ITS PARTICULAR RAMIFICATIONS FOR BANK'S SPECIAL FUNDS BORROWERS AND (B) IMPACT OF FURTHER CONTRIBUTION ON WILLINGNESS OF OTHER DONORS TO PARTICIPATE IN ADF EXERCISE. FURTHER, SOME REFERENCE TO FINAL UNTIED \$50 MILLION AS GERMANE TO SECOND PHASE OF ADF CONTRIBUTIONS. FINALLY, SPECIFIC REFERENCE TO FACT THAT BONN EXERCISE UNDERTAKEN WITH EXPLICIT UNDERSTANDING THAT NO AMOUNTS MENTIONED REPRESENTED COMMITMENT UNTIL APPROVAL OF RELEVANT LEGISLATURES; INCLUDE SPECIFIC LANGUAGE FROM DIRECTORS' REPORT ON RESOLUTIONS TO ILLUSTRATE POINT.

3. DISCUSSION OF BANK SPECIAL FUND LENDING PATTERNS BY COUNTRY WITH EMPHASIS ON BANK ACTIVITIES IN INDOCHINA AND INDONESIA. REFERENCE TO BENEFICIAL IMPACT INITIAL SPECIAL FUNDS CONTRIBUTION EXPECTED TO HAVE ON U.S. BUSINESS PARTICIPATION IN ALL ADB FINANCED PROJECTS, EMPHASIZING NEW OPPORTUNITIES NOW ARISING IN BANK'S TRADITIONAL SPECIAL FUNDS COUNTRIES, THEREBY HIGHLIGHTING BENEFITS TO U.S. BUSINESS COMMUNITY FROM APPROPRIATION OF SECOND \$50 MILLION.

4. DESCRIPTION OF VARIOUS ASPECTS OF ORDINARY CAPITAL INCREASE REQUEST, EMPHASIZING SMALL CASH OUTLAY ASSOCIATED WITH REQUEST. DESCRIPTION OF BANK'S LENDING PATTERNS FOR ORDINARY RESOURCES BY FUNCTION AND COUNTRY EMPHASIZING OVERWHELMING PORTION OF BANK LOANS GOING TO TRADITIONAL U.S. FRIENDS AND ALLIES IN ASIA.

5. GENERAL COMMENT ON BANK LEADERSHIP OVER PAST YEAR AND LIMITED OFFICIAL USE

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WILLINGNESS OF BANK PRESIDENT TO ACCOMMODATE U.S. PROBLEMS AND DIFFICULTIES WITH SPECIFIC REFERENCE TO AREAS IN WHICH BANK HAS BEEN ACCOMMODATING, I.E.,RECRUITMENT ARRANGE- MENTS, BANK STAFFING IN LIGHT OF PENDING REORGANIZATION. EMPHASIZE AS WELL FAVORABLE TRENDS IN U.S. PROCUREMENT FROM ORDINARY CAPITAL RESOURCES (U.S. SHARE IN 1973, 17 PERCENT; JAPANESE SHARE 45 PERCENT. U.S. CUMULATIVE TOTAL NOW UP TO 12 PERCENT). COMMENT AS WELL ON SUCCESS

OF U.S. CONSULTANTS IN OBTAINING BANK CONTRACTS WITH  
SOME REFERENCE TO GENERAL EFFORTS TAKEN BY USG TO PROMOTE  
US BUSINESS PARTICIPATION IN ALL ASPECTS OF BANK FINANCED  
PROJECTS.

6. COMMENTS ON OUTSTANDING PROBLEMS SUCH AS CREATION OF  
INDEPENDENT AUDIT MECHANISM TO U.S. SATISFACTION (WHILE  
NOTING BANK'S EFFORTS TO DATE) AND ANY OTHER MATTERS WHICH  
MAY BE RELEVANT.

7. SUMMARY OF ABOVE.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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**Decaption Date:** 01 JAN 1960  
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**Disposition Date:** 28 MAY 2004  
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